



Congress of the United States
House of Representatives
Washington, DC 20515

July 29, 2021

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
H-204, The Capitol
Washington, DC 20515

Dear Speaker Pelosi and Minority Leader McCarthy,

We write to express our strong support for at least \$2 billion in emergency spending to implement the initiatives authorized in the *Creating Helpful Incentives to Produce Semiconductors (CHIPS) for America Act* for “mature nodes” also known as “legacy chips.”

The automotive industry is being disproportionately harmed due to the ongoing shortage of legacy chips. A new car may require over 100 semiconductors for touch screens, engine controls, driver assistance cameras and other systems. Because of the semiconductor shortage, the American automotive industry has shut down production lines, laid off union workers or has produced cars with fewer features (i.e., leaving out built-in navigation systems).

A shortage of legacy chips, commonly used for automobiles, was created due to various changes in supply chains, consumer demand and production capabilities during the pandemic. When vehicle demand increased during the second half of 2020, auto parts suppliers and subsequently auto manufacturers were unable to secure the legacy chips and parts they needed. A fire at a Renesas Electronics Corporation semiconductor plant in Japan, droughts in Taiwan and storms in Texas further exacerbated the global semiconductor shortage.

Without a sufficient supply of semiconductors, auto companies have idled plants and furloughed thousands of auto plant workers during an economic recession. According to [AlixPartners](#), the global automobile industry will lose \$110 billion in revenue and produce 3.9 million fewer cars than planned in 2021 due to the semiconductor shortage. Estimates by Goldman Sachs and Gartner project that the semiconductor shortage will continue into the second quarter of 2022. This will have a continued negative impact on auto workers unless Congress acts now.

While the U.S. is a world leader in semiconductor design, domestic production of semiconductors has declined, and we are reliant on East Asia for manufacturing semiconductors. Even before the pandemic began, price volatility led to constraints on raw materials of semiconductors, which have only been exacerbated. In order to save jobs and ensure there is a

robust domestic automotive manufacturing industry in the U.S., there must be a significant investment in production of legacy chips.

The *CHIPS Act* authorized programs to incentivize domestic semiconductor production and support research and development programs and workforce development programs that promote semiconductor production. The *U.S. Innovation and Competitiveness Act*, which included \$52 billion in emergency supplemental appropriations to fund these provisions, passed the U.S. Senate on June 9, 2021. Of this amount, \$2 billion was set aside for the production of legacy chips. This investment is needed immediately.

We support the U.S. House of Representatives working on its own legislation to support American competitiveness and innovation. That being said, due to thousands of jobs being lost because of the legacy chip shortage, it is essential that we act to provide at least \$2 billion in emergency supplemental appropriations to produce these chips. We hope you will bring up legislation to support automotive jobs as soon as possible.

Sincerely,



Daniel T. Kildee
MEMBER OF CONGRESS

_____/s/_____
Debbie Dingell
MEMBER OF CONGRESS

_____/s/_____
Peter Meijer
MEMBER OF CONGRESS

_____/s/_____
Terri A. Sewell
MEMBER OF CONGRESS

_____/s/_____
Haley Stevens
MEMBER OF CONGRESS

_____/s/_____
Brian Higgins
MEMBER OF CONGRESS

_____/s/_____
Brenda L. Lawrence
MEMBER OF CONGRESS

_____/s/_____
Fred Upton
MEMBER OF CONGRESS

_____/s/_____
Andy Levin
MEMBER OF CONGRESS

_____/s/_____
Marcy Kaptur
MEMBER OF CONGRESS

_____/s/_____
Rashida Tlaib
MEMBER OF CONGRESS

_____/s/_____
Tim Ryan
MEMBER OF CONGRESS

_____/s/_____
Bill Johnson
MEMBER OF CONGRESS

_____/s/_____
Robin L. Kelly
MEMBER OF CONGRESS

_____/s/_____
John Yarmuth
MEMBER OF CONGRESS

_____/s/_____
Julia Brownley
MEMBER OF CONGRESS

_____/s/_____
Mike Kelly
MEMBER OF CONGRESS

_____/s/_____
Troy Balderson
MEMBER OF CONGRESS

_____/s/_____
Elissa Slotkin
MEMBER OF CONGRESS

_____/s/_____
Sharice L. Davids
MEMBER OF CONGRESS

_____/s/_____
William Timmons
MEMBER OF CONGRESS

_____/s/_____
Emanuel Cleaver, II
MEMBER OF CONGRESS